

A Brief Guide to Maximizing the Marketing and Buyer Activity of Your Hotel Listing

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Hotels are one of the few commercial real estate asset classes that have an operating business component. As such, selling a hotel is a complex process that requires strategic planning and execution to attract the most suitable buyer to successfully complete the transaction. As a hotel owner considering selling your property, you must understand how to maximize the marketing exposure and buyer activity for your listing. Here at **HVS Brokerage & Advisory**, we strive to follow a few key principles and best practices to enhance your

property's appeal, streamline the sale process, and ultimately secure a highly qualified buyer. These principles are outlined below.



Select the Right Brokerage Team and Marketing Strategy

When selecting the right hotel broker, it's essential to choose a team that demonstrates a strong track record of closing deals, takes a collaborative approach, and utilizes high-quality marketing materials to support the sales strategy. The brokers should also have extensive knowledge of the local and national hotel markets. This sort of experienced brokerage team can more easily navigate nuances, foresee potential issues, and mitigate surprises to ensure a smoother transaction process. Brokers with a strong background are also better able to curate a compelling deal story that highlights the value of your property.

For example, when you engage **HVS Brokerage & Advisory** to sell a hotel, you are not employing a single broker, but an entire team of experienced professionals working collaboratively to achieve your goals. Every hotel we market and sell is unique, so we approach each listing with a tailored strategy to align with our client's specific needs. We thoughtfully consider a range of marketing options, such as traditional methods, targeted marketing, or an auction sale. With a customized marketing strategy, we highlight the distinct value proposition of each listing, increase exposure to the appropriate audience, and maximize sale proceeds.

Open Communication for a Collaborative Partnership

Effective dialogue between you and your brokerage team is the cornerstone of a successful hotel sale. This relationship should be approached as a partnership, where your active participation plays a critical role in

Summary

Essential strategies for hotel owners to attract buyers and lead to a successful sale of their asset include partnering with the right broker, providing thorough and precise financial records, and adapting to market feedback. This approach streamlines the sale process, builds buyer trust, and helps achieve a successful transaction.

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shaping the final outcome. Similarly, regular updates from the brokerage team should keep you informed about market trends, buyer interest, and the overall progress of your listing. This exchange of information enables you to make informed decisions.

Sharing insights and collaborating on strategy also allow your brokers to fully leverage their market expertise. Your understanding of the hotel's unique selling points, operational strengths, and any potential challenges can help the brokerage team tailor the marketing approach to attract the most suitable buyers. Furthermore, open communication fosters the mutual trust needed when navigating complex negotiations and any unforeseen obstacles.

During the pre-marketing phase, your input on pricing and marketing materials can influence the property's market perception. As the process moves forward, staying engaged during the marketing, escrow, and closing stages allows you to promptly address any questions or concerns from potential buyers, ensuring their continued interest. This collaborative approach aligns the efforts of you and your brokers and improves the likelihood of securing the best deal.

Thoroughly Prepare Documentation and Financials

Comprehensive financial and due diligence records are not just a formality, but essentially a requirement for a smooth transaction. Buyers depend on detailed documentation to assess the viability of their investment, so it is vital that all financial statements are current and reflect the hotel's true performance. This includes adjusting for one-time expenses (addbacks), such as capital expenditures and personal or non-recurring expenses, to present an accurate picture of profitability.

Having a solid grasp of your financials enables you to address potential buyer questions promptly, which can accelerate the due diligence process. When buyers are confident that the information provided is reliable and comprehensive, they are more likely to proceed.

Moreover, well-presented financial documentation aids lenders in their underwriting process. When financing details are transparent and thoroughly documented, lenders can more easily evaluate the risk and feasibility of the deal, which often results in faster approval. This, in turn, leads to a quicker and more efficient closing.

Address Existing Deferred Maintenance or Capital Expenditure Issues

Before listing your property for sale, it's essential to address any pending deferred maintenance or capital expenditure issues. A broker is **required to disclose** known problems to prospective buyers, and unresolved issues can raise red flags and lead to increased scrutiny and potential delays in negotiations. By taking proactive steps to resolve these concerns, you make your property more appealing and help ensure a more efficient transaction.

Order a Change-of-Ownership Property Improvement Plan (PIP)

During the initial marketing period, we encourage all sellers to order a change-of-ownership **property improvement plan** (PIP) report from the existing franchise company. This report outlines the upgrades and renovations the brand will require for a new owner, giving buyers a clear understanding of future investments needed and the expected timing.

This proactive step can assist with setting pricing expectations for buyers while they are underwriting or analyzing an acquisition opportunity. While there is an initial seller cost to order the PIP report, the cost of the report should be considered an investment to maximize proceeds and prevent price renegotiations during the escrow period.

When listing and selling hotels at HVS, we find that providing a PIP report helps buyers budget and submit offers confidently. We are often able to negotiate offers that include renovation estimates within the purchase price, allowing us to concentrate on negotiating other key terms in the purchase and sale agreement.

Optimize Exposure and Drive Competitive Bidding Through Public Listings

The three most common listing strategies to sell a hotel include public, targeted/off-market, or auction listings.

Publicly listing your hotel on the market can demonstrate your seriousness and attract a wider range of potential buyers. This approach fosters a competitive environment, often leading to maximum proceeds. It also creates more opportunities to secure out-of-state buyers, who typically pay higher prices, or investors in **1031 exchanges** who are under pressure to reinvest their capital gains within a strict timeline to defer taxes. These buyers are often more motivated and may offer better terms to secure a transaction.

Our recent sale of the **Hampton Inn & Suites by Hilton Houston North - IAH Airport** illustrates this strategy's success. By making the listing public, we attracted a broader audience, resulting in multiple competitive bids, and ultimately secured a deal with an out-of-state, first-time hotel buyer.

Flexibility and Responsiveness to Market Feedback

Flexibility is a key asset for real estate owners in the dynamic real estate market. The ability to adapt to market feedback can be the difference between a lengthy listing and a swift sale. By staying receptive to buyer feedback and market trends, you position yourself as a seller who is adaptable, responsive, and dedicated to reaching an optimal result.

For instance, if initial offers fall below expectations, it may be worth revisiting the pricing strategy. Sometimes minor pricing adjustments can reignite buyer interest and create a competitive bidding environment. Similarly, being open to adjusting terms, such as offering seller financing or creative deal structures, can make your listing more attractive to buyers.

It's also important to consider the broader financial landscape and its impact on potential buyers. While securing the highest price is always a goal, it's equally critical to assess whether a buyer has the financial capacity to qualify for financing and complete the transaction without issues. Often, the most suitable buyer does not offer the highest price but will provide the greatest certainty of closing. Remaining adaptable increases the likelihood of selling your hotel in a way that is both timely and favorable.

Transparency with Ongoing Issues and Disputes

Openness is critical when it comes to ongoing issues or disputes, whether they are related to legal conflicts, insurance issues, or other matters. Addressing potential conflicts upfront can prevent complications later in the process. Buyers appreciate honesty and clarity, which builds trust and confidence to move forward. By openly discussing any existing issues, you can mitigate risks and ensure that all parties are fully informed, paving the way for a smoother transaction and reducing the likelihood of last-minute surprises that could derail the sale. Being transparent can also reduce any potential legal fees if conflicts were to arise after the sale.

Conclusion

Maximizing the marketing and buyer activity of your hotel listing requires more than just presenting your property; it demands a strategic approach that includes thorough preparation, flexibility, and transparency throughout the entire process. Following the advice detailed above can enhance your hotel's appeal and build buyer confidence, leading to a smoother and more profitable transaction.

Are you considering selling your hotel and reinvesting the equity into a higher-quality asset? Do you plan to sell your hotel soon, or are you actively searching for a hotel to purchase? If so, we would be happy to discuss your property and the current market conditions with you. We can also provide a complimentary broker opinion of value (BOV) to help you understand your hotel's market value, along with relevant comparable sales data. Reach out to **James Rebullida** or **Joseph Manuel** to start the process.

About **James G Rebullida**



James Rebullida is a Vice President for the HVS Brokerage & Advisory division who has been involved in hundreds of hospitality transactions and has performed valuations on over \$2 billion of hotel investment properties. Since joining HVS, he has risen from an analyst to a producer role, actively participating in over 30 hotel transactions with an aggregate value of over \$250 million across the United States. His current responsibilities include business development, deal execution, and overall team support. His strong experience allows him to manage transactions effectively through the underwriting, marketing, due diligence, and closing stages of the process. Contact James at (713) 955-5580 or .

About **Joseph Manuel**



Joseph Manuel is a Vice President for the HVS Americas Brokerage & Advisory division. Joseph has participated in numerous transactions at an aggregate value of over \$100 million of all hotel classes and sizes across multiple states. In his current role, he primarily handles client negotiations for sales of limited-service hotels, business development calls, database management, underwriting, escrow management, contract negotiation and administration, and marketing. His strong communication, marketing, and presentation skills build strong client and investor relationships. Contact Joseph at (713) 955-0139 or .